

Good Morning Chairman and Committee Members,

My name is Brandon McGillvray and I represent Barretts Minerals in Dillon Montana and am here before you today to express our opposition to SB 245. Barretts Minerals is a talc mine and production facility that employs 90 people in Beaverhead County and purchases the majority of its electricity through contract with Electric City Power. Barretts Minerals entered into a contract with Electric City Power at a fixed price over the term of the contract. Electric City Power clearly knew the exposure and risk associated with this contract and was willing to accept this risk. This contract protected Barretts Minerals from any risk associated with Electric City Power's ability to generate a profit or to amortize its debt. Now, Electric City Power is asking the senate of the State of Montana to pass a new law that would directly impact the basic terms of a contract between a private company and a Municipality, which negates the protection offered to the private company in terms of mitigation and future risks.

Barretts Minerals signed a contract with Electric City Power in good faith to provide Electric City the customer base to justify participation in building a new power plant. SB 245 would amount to a bail out of Electric City Power and the City of Great Falls by the State of Montana, directly at the expense of Barretts Minerals and other customers of Electric City Power. SB 245 would effectively transfer the obligations of Electric City Power to private companies that have valid contracts that specifically limit these liabilities. This legislation would transfer the obligations of ECP to Barretts Minerals and other customers of Electric City Power and put an undue and unknown financial burden and obligation on Barretts Minerals and these other customers.

Barretts Minerals was in the electrical deregulated market with Pennsylvania Power and Lights prior to signing the contract with Electric City Power. Had Barretts Minerals thought it could possibly be held liable for the debt of Electric City Power at some point in the future it would not have signed the electrical supply contract. Electric City Power clearly understood the risk of this business venture and was willing to accept this risk in return for a fixed price, long term contract. For the State of Montana to use SB 245 to pass all of this

risk to the customers of Electric City Power with contracts that clearly state that they have no liability is completely unwarranted.

SB 245 is just bad legislation. If Electric City Power wants to exit the power business it should work with its customers to develop an appropriate exit strategy. It should not be the role of the State of Montana to purposefully void valid contractual obligations of Electric City Power in their effort to resolve problems associated with Electric City Power. Electric City Power accepted the risk when they signed these power supply agreements and the State of Montana should not now transfer these risks to the customer base that in good faith signed contracts with Electric City Power.

On a final note, Barretts Minerals feels that the contract price of delivered electricity to its plant is not below the price that Electric City Power is paying for its electricity. Barretts Minerals would like to ask this committee to further investigate Electric City Power's purchase price for electricity versus its selling price for electricity by individual customer or market. Barretts Minerals believes that you will discover that the debt incurred by Electric City Power is not a direct result of contracts with large electrical users such as Barretts Minerals, but rather a direct result of low prices to end users such as residents of the City of Great Falls and the premises that are protected under Section 1b of SB 245. With this being the case, why should the large contract customers of Electric City Power be responsible for paying back the debt that was actually created by the tax payers in the City of Great Falls who took advantage of low electricity costs without considering the end result?